

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Egypt

## Citrus Annual

## Orange Groves Blossom along the Nile

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**Report Highlights:**

Harvested area, production and exports of orange all increased in MY 2010/2011. Post forecasts a decline in harvested area, production and exports in MY 2011/2012 season. Harvested area and production will drop due to the spread of *Aphid* insects and a severe hot summer that started in June and ended in August 2011. Egyptian exporters indicate that Russia has recovered from a drought and will not import the same large quantities of oranges it imported during the 2010/2011 season.

## Executive Summary:

Despite a drop in production, Egypt will maintain its position as one of the world's leading orange producers and exporters. In MY 2011/2012, Post forecasts a decline in production due to aphid infestation and a hotter than normal summer. Exports will also be down somewhat due to lower supply while the Egyptian trade expects a decline in Russian demand due to better availability in producing areas closer to their market. Egypt remains the largest exporter to some of the major importing countries, particularly Saudi Arabia, Russia and Iran. Egyptian orange exporters are now setting their sights on the markets in the East Asia.

## Commodities:

Oranges, Fresh

### Production:

Egypt is one of the world's leading orange producers and exporters. Egyptian orange production is favored by high yields due to the availability of irrigation water (the Nile), suitable climactic conditions (good soil and year round sunshine leading to high yields and quality), low labor costs, an early harvest compared to other major producers in the region, and Egypt's proximity to major importing countries. These unique characteristics make Egypt one of the world's top ten orange producers and exporters. Egypt has different varieties of oranges that grow along the Delta Region and the Nile. The main varieties are:

- Baladi Orange: two varieties are grown, the Seeded Baladi Orange and the Seedless Baladi Orange both used mainly for juice.
- Valencia Orange: summer variety and mainly for juice but also table usage
- Blood Orange: very good taste, seedless variety and mainly for juice
- Navel Orange: two varieties, the early maturing Navel that is consumed domestically and the late maturing Navel that is exported.
- Khalily Orange: good variety for juice.
- Sweet Orange (*Sukkari*): Sweet variety and table orange with seeds.

Compared to other citrus, especially mandarin and lime, oranges have the largest cultivated areas for all citrus. Orange production represents 30% of Egypt's total fruit production and 65% of total citrus production. It grows nationwide in almost all governorates. However, the Delta governorates of Qalyoubia, Beheira, Sharqiya, Ismailia and Menufia are the main producing areas. The orange harvest usually lasts from four to five months. Of all the varieties mentioned, navel oranges are the predominant varietal. Navel oranges represent 60% of all orange production.

Table (1): Harvested Period for Main Orange Varieties

Variety	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Navel	*	*	*	*	*	*						
Baladi			*	*	*	*						
Sweet Orange ( <i>Sukkari</i> )			*	*	*	*						
Valencia					*	*	*	*	*	*		
Blood Orange				*	*	*						

Note: Navels start from mid- October, and Valencia's start from mid-February



Map of Egypt: Oranges grow between the red dots areas along the course of the Nile.

Egypt produces high volumes of oranges every year; some 2,430,000 MT in 2010/2011. The processing volume is only 4% of the total supply, while domestic consumption for fresh oranges represents 63%, of the total supply with some 33% exported. The profit gained from exports is high. Industry estimates that the profit of one feddan is doubled when exported rather than sold in the local market and this encourages businesses to export fresh oranges rather than processing as juice. Recently the Egyptian market becomes a target for juice exporters, especially from the Arab region, but prices are still higher than the local produced juices. A major soft drink bottling company reported that it could not find enough quality local supply to produce orange juice and has to import frozen stock from Brazil.

Orange production for the 2010/2011 season reached 2,430,000 MT compared to 2,401,000 MT for the previous season. Post expects orange production to be approximately 2,350,000 MT in 2011-2012 compared to 2,430,000 MT in 2010/2011. The decrease in production is due to expectations of lower harvested area or 97,696 hectares vs. 111,200 hectares in 2010/2011. The *Aphid* insect will negatively affect the harvested area although the area planted is almost the same as in 2010/2011.

## Area Planted

Post expects that total area planted will almost be the same as the previous season (area planted in 2010/2011 was 131,121 hectares and expected to reach 131,136 hectares in 2011-2012 season). However, post expects that the area harvested in 2011-2012 season will decrease by 11% versus the previous season. *Aphid* insect will have a negative impact on the number of the bearing trees and consequently the area harvested will decrease. The severe

summer that started June and ended August 2011 will have a negative impact on the number of the bearing trees and consequently on the total area harvested.

### **Consumption:**

Due to its large production area and its very low prices as compared to other winter fruits, oranges are one of the favorite fruits for Egyptian consumers during the winter season. Egyptians consume large amounts of oranges during the winter months. Per capita consumption of oranges is estimated at about 33 kg per year. Some 63% of the orange crop is consumed domestically as fresh, while only 4% is consumed as juice. Fresh domestic consumption reached 1,350,000 MT during the 2010/2011 season. Post expects orange fresh domestic consumption at 1,365,000 MT for 2011-2012 season.

Table (2): Local price for Oranges in the Egyptian Market during December 2011 (100 Egyptian Piaster = \$0.17)

	<b>Price in EG</b>	<b>Equivalent price in USD</b>
Navel Orange	150-350 Egyptian Piaster/kilo	25-65 cents/kilo
Local Orange	200-400 Egyptian Piaster/kilo	35-70 cents/kilo
Sweet Orange	300-350 Egyptian Piaster/kilo	50-60 cents/kilo
Valencia Orange	400-600 Egyptian Piaster/kilo	70 cents - 1 dollar/kilo

Source: Egypt's Ministry of Finance and surveying some markets.

The orange market in Egypt often experiences price fluctuations. Orange prices might change as many as three times per day. Prices also differ per geographical area so that prices in the poor areas are very low versus prices in the high end residential areas. Lower prices are often found at the large wholesale markets outside of Cairo (such as El-Obour Wholesale Market and 6<sup>th</sup> of October Wholesale Market) the wholesale markets sell in bulk and at wholesale prices.

### **Trade:**

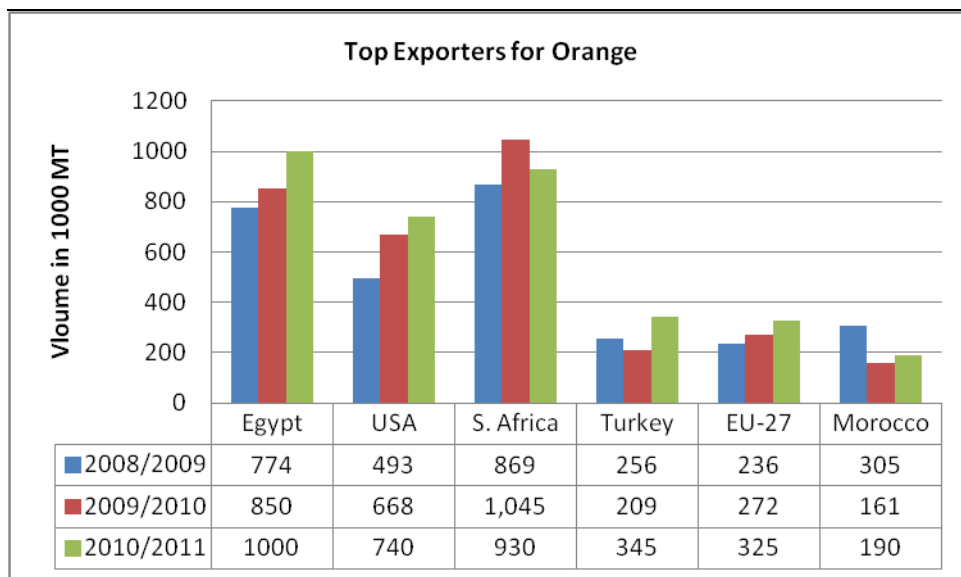
Orange exports start in November and run through May. Egypt's main export destinations are Saudi Arabia, Russia, Iran, and European Union. Competitors are Morocco and Spain; however Egypt enjoys a competitive advantage versus both countries as Egypt's harvest season is 2 to 3 weeks earlier. Egyptian orange exports are handled by the private sector who also source from small farmers. Some of these large companies have their own export operations that buy oranges from farmers that conform to the demanding export requirements. Most of these companies are very technologically advanced and abide by ISO, HACCP, EUREPGAP and other standards required by importing countries.

Expectations have been raised for a larger share of the EU market; especially since the FTA signed and ratified by Egypt's legislative authority on June 2010. According to this new agreement, Egypt gained free market access for oranges into the EU market. However, the data shows that EU imports of fresh or dried oranges are still dominated by Spain, South Africa, Morocco and the US... The limitations for Egyptian orange exports to the EU are mainly the uneven quality of Egyptian oranges that force EU importers to import more of the baladi and summer varieties from Egypt to be processed as juice rather than importing other higher yield and price varieties.

There were some fears of a drop in exports as a consequence of the political unrest in Egypt during and after the revolution of January 25th, 2011. However, contrary to expectations; exports increased significantly in MY

2010/2011, reaching one million MT. The increase in exports was due to high demand for Egyptian orange. Exports to Russia, Saudi Arabia, Iran, Ukraine and the United Arab Emirates significantly increased during the 2010/2011 season. Industry considers this season as one of the best ever for exports.

Post expects orange exports at 900,000 MT for MY 2011/2012. The decrease in exports compared to the previous seasons is due to the lower production as consequence of the lower harvested areas. Also, Russia has recovered from the drought that hit the country in 2010. It is expected that Russian orange imports from Egypt will not reach the same quantities as last season.



Source: USDA/FAS

Production and exports are promoted and regulated by the Egyptian government: their goal is to increase production and make Egypt a world class exporter.

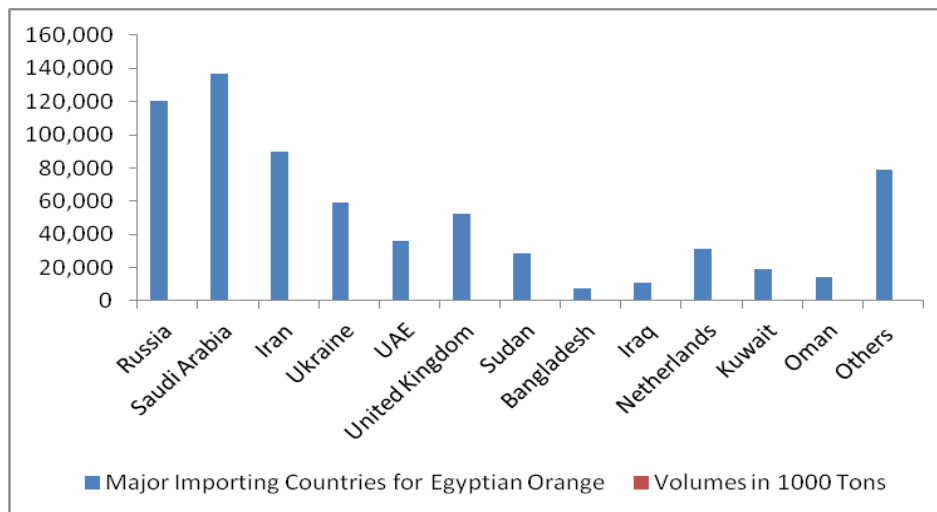
Mediterranean fruit fly (*Ceratitis Capitata*) is the main economic pest negatively affecting production and exports. The government is funding the “Fruit Fly Resistance Project” that aims to control the spread of this pest alongside other regulations that have been in place in order to control the quality of the exported fruit. Although the Egyptian government has succeeded in maximizing Egyptian citrus exports, complains are raised by some importing countries (Russia and Ukraine) that have found some shipments infected by fruit fly. As a mitigation measure to fruit fly, cold treatment is required by some importing countries. Egypt also has Peach Fruit Fly. Egypt and USDA have cooperated on Peach Fruit Fly cold treatment research.

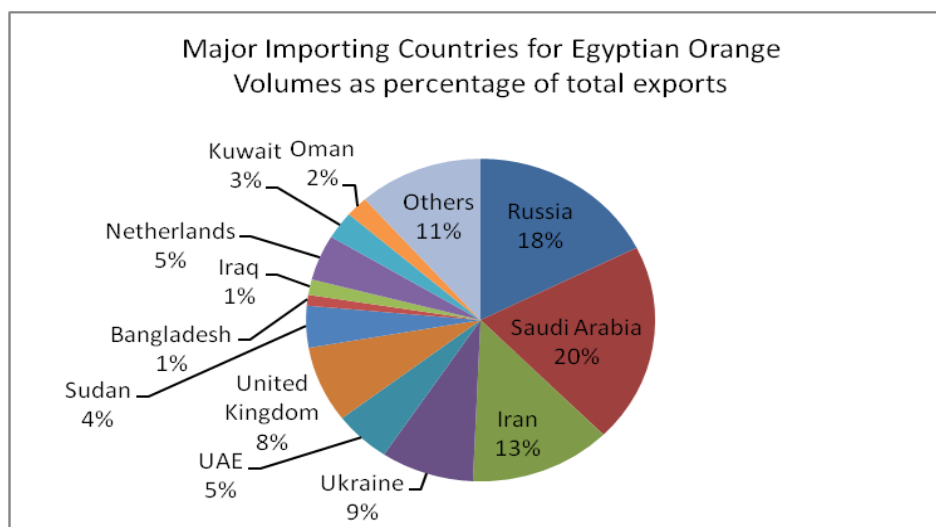
The government issued additional procedures to facilitate and control quality of exported oranges. The regulations limit the sorting, grading and the packaging of exported oranges to stations that have been inspected, approved and registered by the joint committee of the representatives of the Central Authority for Plant Quarantine (CAPQ) and the General Organization for Imports and Export Control (GOIEC) in coordination with the Agricultural Export Council (AEC). Some 55 to 60 stations all over Egypt are accredited for exports. The registration and accreditation of citrus exporting stations is unique to citrus.

Agricultural exports are subsidized by the Government of Egypt. According to the GOE's general budget for fiscal year 2011-2012, LE 2.5 billion (US\$ 419 million) had been allocated to support all exports. Export subsidy allocations in the fiscal year 2010/2011 budget were L.E 4 billion or US\$ 670 million. Such support is paid as a percentage of the total amount reported in the export bill of lading. Some agricultural sectors were receiving between 10 and 15% of the exported bill. These percentages are different from one export market to another. For instance, exports to Russia were getting higher percentage subsidies than exports to Arab markets as a way to maximize Egypt's exports to Russia. However recently the Egyptian government has decided to stop subsidizing orange exports to established markets such as the EU; instead, it continues to support exports to new markets.

The GOE supports other citrus products such as mandarin and lime. Although exports of both are still low, the goal is to provide incentives to maximize Egypt's exports of these products as well.

In addition to this export subsidy, the government also supports the costs of shipping and transportation for exports that use the national airline company (Egypt Air Cargo). Recently, some exporters have demanded that the government stop subsidizing citrus exports since Egypt became one of the leading exporting countries of oranges in the world and there is no more need for subsidies. It is expected that the new regime in Egypt will respond positively to these demands especially given the tough financial situation the government is going through during the present political transition in Egypt.





Source: GTA

### Production, Supply and Demand Data Statistics:

Table (3): Egypt: Production, Supply, and Distribution Data for Orange

Oranges, Fresh Egypt	2009/2010			2010/2011			2011/2012			
	Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			Market Year Begin: Oct 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USD A Offici al	Old Post	New Post	
Area Planted	150,00 0	150,00 0	131,92 8	152,00 0	152,00 0	131,12 1		153,00 0	131,13 6	HECTARE S
Area Harvested	143,00 0	140,00 0	101,26 2	143,00 0	143,00 0	111,20 0		145,00 0	97,696	HECTARE S
Bearing Trees	7,800	7,800	8,180	7,960	7,960	8,896		8,070	7,815	1000 TREES
Non- Bearing Trees	6,250	6,224	7,515	6,250	6,250	8,340		6,234	7,327	1000 TREES
Total No. Of Trees	14,050	14,024	15,695	14,210	14,210	17,236		14,304	15,142	1000 TREES
Production	3,570	3,570	2,401	3,645	3,645	2,430		3,700	2,350	1000 MT
Imports	0	0	0	0	0	0		0	0	1000 MT
Total Supply	3,570	3,570	2,401	3,645	3,645	2,430		3,700	2,350	1000 MT
Exports	845	845	850	750	750	1,000		800	900	1000 MT
Fresh Dom. Consumpti on	2,655	2,655	1,503	2,820	2,820	1,350		2,820	1,365	1000 MT
For Processing	70	70	48	75	75	80		80	85	1000 MT
Total Distributio n	3,570	3,570	2,401	3,645	3,645	2,430		3,700	2,350	1000 MT

SOURCE: Ministry of Agriculture and Land Reclamation and office research.

NOTE: Previous data reported by post was based on all citrus commodities which include oranges, mandarins, limes, lemons, and grapefruits. The revised data reflects data for orange only.



Table (4): Egypt: Export Statistics for Orange

Egypt Export Statistics							
Commodity: 080510, Oranges, Fresh Or Dried							
Year To Date: January – August							
Partner Country	Unit	2009		2010		2011	
		USD	Quantity	USD	Quantity	USD	Quantity
World	T	394,067,786	665,446	416,653,138	683,908	462,106,126	870,608
Russia	T	61,215,909	108,084	76,062,465	120,364	104,460,462	187,633
Saudi Arabia	T	82,236,239	136,127	83,973,774	136,582	81,826,976	159,136
Iran	T	45,854,747	75,886	53,711,854	89,850	54,678,544	98,871
Ukraine	T	38,263,970	66,651	37,013,739	59,014	40,132,238	73,399
United Arab Emirates	T	20,287,633	35,989	21,768,109	35,961	28,538,397	60,234
United Kingdom	T	22,737,944	39,118	25,216,189	52,361	16,977,836	41,142
Sudan	T	12,906,175	24,019	15,604,765	28,597	14,968,960	31,017
Bangladesh	T	3,175,376	5,365	4,940,024	7,393	14,413,372	20,626
Iraq	T	519,051	778	6,974,156	10,546	13,823,105	28,389
Netherlands	T	20,978,198	34,510	21,023,287	31,291	11,939,127	23,552
Kuwait	T	14,379,905	21,828	11,637,498	18,897	10,244,781	21,205
Oman	T	8,708,310	14,471	9,010,221	14,183	8,199,213	17,540
Lithuania	T	7,292,680	11,578	4,789,049	6,618	6,337,711	9,395
Jordan	T	3,607,918	5,967	3,077,887	4,939	5,320,723	10,553
Finland	T	3,125,774	4,843	3,720,644	5,275	4,582,539	7,048
Qatar	T	2,497,203	4,469	3,109,091	5,021	3,544,085	7,135

Source: GTA